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RURAL ELECTRIFICATION ADMINISTRATION

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Great strides in rural electrification in the next few years are forecast by John M. Carmody, Administrator of Rural Electrification, in his report for 1937 submitted to Congress late today (Wednesday). The report, reflecting the progress of rural electrification since the establishment of REA in 1935 and especially in the year just ended, is the first comprehensive one Congress has ever received on this subject.

"With the buying power existing and in sight, a new national attitude toward rural electrification in full swing, and a powerful array of public and private agencies hard at work, nothing is impossible," the new report said. "It does not seem extravagant to anticipate the electrification of at least the second million of farm homes well in advance of the expiration of the 10-year program which the Congress projected for this Administration."

About 1,200,000 farms now have electric service, it was estimated, out of a total of 6,800,000, or roughly one in six. Little more than one farm in ten had electric service when REA was created.

Emphasizing the inequitable position of the farmer even today, Mr. Carmody declared in his letter of transmittal: "If five families out of six in the New York metropolitan area or in any other urban and industrial area in the United States were told today that they could not have electricity in their homes and factories we would undoubtedly witness a new and streamlined Boston Tea Party. But this is precisely what has happened to five out of six farm families."

However, rural electrification "has come of age," the report said. In 1937 REA projects alone brought new conveniences and opportunities to approximately 250,000 people. Private utility construction, stimulated by REA, raised the living standards of hundreds of thousands more. Manufacturing industry, developing new markets, marched "abreast of the power lines." There was seen "an altered national attitude and action with respect to electric service for farmers."

Eighteen States have enacted new legislation to aid the initiation and operation of REA projects. Several have protected from interference during their formative period the cooperative or consumer-owned projects, which have become the chief vehicle for REA service. Wholesale rates for energy purchased by the projects were reported reduced materially, although REA's goal of a rate of approximately 1 cent per kilowatt hour has not yet been attained. Sixty-seven percent of this wholesale energy, it was estimated, will be bought from the private utilities. The second largest source of supply is municipal electric plants.

Moreover, utilities are abandoning the practice of building spite lines, which hampered or destroyed many of the early projects, the report said. The principal danger to farm power service today was stated to be "cream skimming," which serves a few farmers, leaves their neighbors without electricity, and prejudices self-supporting electrification all through the areas affected.

As another evidence of the altered attitude it was noted that fifteen or more legal attacks upon the consumer-owned lines have failed in the courts, while "nowhere has a legal challenge of a project's right to operate been successful."

REA operations were speeded up sharply. The average waiting period between the allotment of funds and release for construction was cut from 34 weeks in the fiscal year 1936 to 13 weeks. Where in 1936 the volume of construction started totaled $10,500,000, in 1937 it was approximately $55,000,000, or more than five times as much.

The report showed 120 REA-financed projects in operation, and added: "Most of them have additional sections of line nearing energization which, with approximately 165 more projects that are under construction, soon will bring the total of rural families served by REA projects to approximately 200,000, and the number of people sharing the service to well over 1,000,000, spread over 40 States." (On the basis of allotment of funds, the total number of States is 41.)

"Meanwhile the private utilities, setting a new high record in rural construction for the second successive year since the creation of REA, built an estimated 41,000 miles of rural lines during 1937. This exceeded by about 9,000 miles the 1936 private utility construction, which in turn more than doubled the construction of 1935."

Whereas in 1933 and 1934 combined, the number of farms electrified by the utilities was only 34,000, the combined total for the two-and-a-half years since REA, was estimated at more than 300,000.

The report opposed the extension of utility regulation to farmers' cooperatives. It pointed approvingly to the actions of certain of the State regulatory bodies which "By exerting their powers to regulate private utilities (they) have given a large degree of protection to cooperative and public projects without subjecting them to regulation."

New legislation is needed in many States "to adapt State laws and regulatory policies to the needs of this new social demand for adequate rural electrification," according to the report.

(Copies of the Report may be purchased from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 20¢ each.)